

Part 3 – Section 6 – Finance Procedure Rules

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INTRODUCTION

1. Section 151 of the Local Government Act 1972 states that “every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”.
2. The officer designated by the Council as having the statutory responsibility set out in Section 151 of the 1972 Act is the **Assistant Director of Finance** and references in these Rules to the **Chief Finance Officer** or **Section 151 Officer** are to this officer.
3. Finance Procedure Rules provide the framework for the financial administration of the Council with a view to ensuring that the Council’s financial affairs are conducted in a sound and proper manner, constitute value for money and minimise the risk of legal challenge to the Council. Finance Procedure Rules are not intended to constitute a set of detailed rules to respond to every contingency. The Rules allow for variation in detailed controls between Directorates where justified by local circumstances.
4. All financial decisions and decisions with financial implications must have regard to proper financial control. Any doubt as to the appropriateness of a financial proposal or correctness of a financial action must be clarified in advance of the decision or action with the Chief Finance Officer.
5. Detailed Financial Procedure Notes (FPN’s), Codes of Practice and other financial instructions (eg Financial Management System Business Process Procedures) may be issued from time to time by the Chief Finance Officer, where assistance is needed with the interpretation of Financial Procedure Rules.
6. Failure to observe Financial Procedure Rules, Financial Procedure Notes, Codes of Practice and financial instructions issued under Financial Procedure Rules, may result in action under the Council’s disciplinary procedures.
7. All **Directors** should ensure that any financial procedures/guidelines produced by their Directorate in support of financial control are fully compliant with these Financial Procedure Rules, Financial Procedure Notes, Codes of Practice and financial instructions.
8. These Financial Procedure Rules should be read in conjunction with the Contract Procedure Rules and the Delegation Scheme.
9. The Chief Finance Officer is responsible for maintaining a continuous review of the Financial Procedure Rules and submitting any additions or changes necessary to the **full Council** for approval. The Chief Finance Officer is also responsible for reporting, where appropriate, breaches of the Financial Procedure Rules to the Council and/or to the **Executive Councillors**. The Chief Finance Officer is authorised to temporarily suspend Financial Procedure Rules in exceptional circumstances, and where such a suspension is authorised, a written record shall be kept of the reasons for this.

NOTE: The financial regulations do not apply to schools.

FPR1 – RESPONSIBILITIES

Responsibilities to the Council

- 1.1. All councillors and officers of the Council are responsible for ensuring that they use the resources and assets entrusted to them in a responsible and lawful manner. They should strive to achieve value for money and avoid legal challenge to the Council.
- 1.2. These responsibilities apply equally to Councillors and Officers when representing the Council on outside bodies.

Personal Responsibilities

- 1.3 Any person charged with the use or care of the Council's resources and assets should inform themselves of the Council's requirements under these Financial Procedure Rules. If anyone is in any doubt as to their obligations, then they should seek advice from the Chief Finance Officer who shall have responsibility for interpreting the Rules.
- 1.4 Council employees or agency workers contracted with the Council must report immediately to their manager, supervisor or other responsible senior officer any illegality, impropriety, serious breach of procedure, suspected financial irregularity or serious deficiency in the provision of service they suspect or becomes aware of. Employees or agency workers contracted with the Council are able to do this without fear of recrimination providing they act in good faith in accordance with the Council's Confidential Reporting policy. In such circumstances managers must record and investigate such reports, after taking advice and guidance from the Council's Human Resources team. Following this, managers must ensure that appropriate action is taken.

Chief Finance Officer

- 1.5. Section 114 of the Local Government Finance Act 1988 (the "**1988 Act**") requires the Chief Finance Officer to report to the full Council, the Executive and the external auditor if the Council or one of its officers:
 - 1.5.1. has made, or is about to make, a decision which involves or would involve the Council incurring expenditure which is unlawful;
 - 1.5.2. has taken, or is about to take, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Council;
 - 1.5.3. is about to enter an item of account the entry of which is unlawful, or the expenditure of the Council incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.
- 1.6 Section 114 of the 1988 Act also requires:

- 1.6.1 the Chief Finance Officer to nominate a properly qualified member or members of staff to deputise should they be unable to perform the duties under section 114 personally;
- 1.6.2 the Council to provide the Chief Finance Officer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.
- 1.7 Reference to the Chief Finance Officer in these Rules includes those authorised by them to undertake the various functions concerned.
- 1.8 The Chief Finance Officer shall maintain, on behalf of the Council, an adequate and effective system of internal audit of the accounting records and internal control systems of the Council.

Director of Business Transformation and Change

- 1.9 The Director of Business Transformation and Change, as the Director with responsibility for human resources, in consultation with the Chief Finance Officer shall ensure:
 - 1.9.1 all employees are paid in accordance with their Contract of Employment, and ensure leavers are removed from the payroll; and
 - 1.9.2 reimbursement and level of allowances and expenses to staff and members is in accordance with the appropriate agreements, policies and legislation.

Directors

- 1.10 Directors are responsible for ensuring that Finance Procedure Rules are observed throughout all areas under their control and shall:
 - 1.10.1 provide the Chief Finance Officer with such information and explanations as the Chief Finance Officer feels is necessary to meet their obligations under Finance Procedure Rules;
 - 1.10.2 consult with the Chief Finance Officer and seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred;
 - 1.10.3 ensure that Executive Councillors are advised of the financial implications of all significant proposals and that the financial implications have been agreed by the Chief Finance Officer;
 - 1.10.4 inform the Chief Finance Officer of failures of financial control resulting in additional expenditure or liability, or loss of income or assets;
 - 1.10.5 wherever any matter arises which may involve irregularities in financial or stores transactions consult with the Chief Finance Officer and, if a serious irregularity is confirmed, the matter shall be reported to the Chief Executive, appropriate Executive Councillors and the Director of Business Transformation and Change; and

- 1.10.6 ensure the legality of their Directorate's or service's actions.
- 1.11 All Directors should ensure that any financial procedures/guidelines produced by their Directorate in support of financial control are fully compliant with these Financial Procedure Rules, Financial Procedure Notes, Codes of Practice and financial instruction.
- 1.12 Directors are responsible for ensuring that all staff in their Directorate are aware of the existence and content of the Council's Financial Procedure Rules and other internal regulatory documents and that they comply with them.

FPR2 – FINANCIAL PLANNING AND ANNUAL ESTIMATES

- 2.1 The Chief Finance Officer shall, each year, recommend to the **Executive** a programme for consideration of revenue and capital estimates by Directorates, the Executive and the Council. The programme is to include adequate time for such discussions as may from time to time be required. The form of the annual estimates shall be agreed by the Executive upon the recommendation of the Chief Finance Officer.
- 2.2 Detailed estimates of income and expenditure on **Revenue Account** and receipts and payments on **Capital Programme** shall be prepared each year by Directors in the form required by the Executive. The Estimates will be in line with the Council Plan and the policy framework and will follow the guidelines issued annually by the Chief Finance Officer. A copy of the Estimates shall be forwarded to the Chief Finance Officer by each Director in accordance with the agreed programme in order that they can be examined and submitted to the Executive.
- 2.3 The Executive shall review the Estimates and submit them to the Council together with such summaries, statements and reports as are considered desirable and shall recommend the Council Tax to be levied for the ensuing year.
- 2.4 Whenever it is necessary to approve an estimate for any proposed Council Tax a special meeting of the Council shall be held for the purpose of considering, determining and adopting such estimate. At that meeting the Council may also determine the Council Tax and pass all necessary resolutions to give effect to its determination and collection.
- 2.5 At that meeting the Chief Finance Officer of the Council must report to it on the following matters:
 - 2.5.1 the robustness of the estimates made for the purposes of the calculations, and
 - 2.5.2 the adequacy of the proposed financial reserves.

The Council shall have regard to the report when making decisions about the calculations in connection with which it is made.
- 2.6 No levy shall be imposed by the Council unless the notice convening the meeting shall show the Council Tax or levy which will be moved.
- 2.7 The Council shall approve the Council's revenue budget and **capital programme** and set the level of Council Tax for each year within statutory deadlines and requirements.

Revenue Budget Preparation

- 2.8 The Executive shall keep under review the Medium-Term Financial position of the Council taking into account the Council's service plans and anticipated future levels of capital and revenue resources.
- 2.9 Each Director shall, in accordance with the agreed programme and in conjunction with the Chief Finance Officer prepare revenue estimates forecasts for consideration by the Executive. In doing so each Director should ensure that the estimated expenditure on, or cost of any proposals submitted by them, either in their annual estimates or at any time during the subsequent financial year, to the Executive and/or the Council shall be as complete and accurate as possible and include provision for all running costs, salaries and wages and any other outgoings involved by or in connection with the proposal.
- 2.10 In the case of proposals involving capital expenditure, the funding of the proposal must be identified together with the full financial implications, including where available those relating to whole life costing.

Revenue Budgetary Control

- 2.11 In accordance with the Council's Scheme of Delegation, Directors have powers to incur **revenue expenditure** in carrying out the functions allocated to them provided:
- 2.11.1 the expenditure is within the law;
 - 2.11.2 The Council's Contract Procedure Rules have been complied with;
 - 2.11.3 The expenditure is within the approved revenue budget or capital programme provision; and
 - 2.11.4 the expenditure is consistent with Council policy.
- 2.12 Nothing in these Rules shall prevent a Director incurring expenditure which is in their opinion essential to meet the needs of an emergency or which is referable to Section 138 of the Local Government Act 1972, subject to their action being reported at the earliest opportunity to the Executive and, where appropriate, to Council.
- 2.13 The Executive shall exercise control over revenue spending and income and may authorise variations to the Council's **Budget** within the year in accordance with the approved Scheme of Virement.
- 2.14 To enable the Executive to exercise control over revenue spending, the Chief Finance Officer shall report to Executive on a quarterly basis a comparison of revenue expenditure and income against budget (**Quarterly Monitoring Report**) and on a monthly basis to Senior Leadership Team.
- 2.15 Each Director in charge of a revenue budget shall:

- 2.15.1 monitor and control Directorate expenditure within their approved budget;
 - 2.15.2 report progress against their budget to the Executive in consultation with the Chief Finance Officer; and
 - 2.15.3 keep the Chief Finance Officer informed of any actual or likely changes which will/may have a significant impact on current or future budgets, including any potential overspending or under-achievement of income budgets in a timely manner.
- 2.16 The Chief Finance Officer shall also provide guidance on and co-ordinate the budget monitoring process including the form, basis, supporting information and timetable for preparation.

Virement (or transfers) Between Budgets

- 2.17 Directors must fulfil the following requirements to exercise virement:
- 2.17.1 the **virement** should only apply to the transfer of funds within the delegated budget of the Director;
 - 2.17.2 the proposals should be consistent with approved Council policy;
 - 2.17.3 the virement should not involve the transfer of funds between directorates;
 - 2.17.4 the virement should only be allowed where the total net delegated budget is still within the delegated costs limit; and
 - 2.17.5 there should be no consequential revenue effects in later years.
- 2.18 Should virement be requested which is contrary to one of the above conditions, it is necessary to seek the prior approval of the Chief Finance Officer.
- 2.19 The delegated limits are as follows:
- 2.19.1 Sums up to and including £250,000 (revenue or capital) may be vired upon the approval of the relevant Director in consultation with the Chief Finance Officer.
 - 2.19.2 Sums over £250,000 and up to and including £500,000 (revenue or capital) may be vired upon the approval of the Executive on the recommendation of the relevant Director and advice of the Chief Finance Officer.
 - 2.19.3 For sums over £500,000 (revenue or capital) the approval of the Council is required on the recommendation of the Executive.

Should the limits and provisions detailed above conflict in any way with those set out in the Budget and Policy Framework those rules set out in the B&P framework shall prevail.

Capital Programme Development

- 2.20 Each Director, in conjunction with the Chief Finance Officer, shall draw up proposals for capital expenditure for their Directorate, taking into account:
- 2.20.1 statutory requirements;
 - 2.20.2 service plans;
 - 2.20.3 supported capital expenditure guidelines issued by Central Government including available resources;
 - 2.20.4 Government and other funding body capital grants and specific borrowing approvals, availability of capital receipts, other resources - including internal resources; and
 - 2.20.5 level of existing capital commitments.
- 2.21 The Director shall ensure that, for each capital scheme, an option appraisal is completed outlining the business case and giving a full appraisal of the capital and revenue implications, including those relating to whole life costing where available, to ensure all schemes are fully evaluated and disclosed.
- 2.22 The proposals for capital spending, together with financial implications will then be approved by the Chief Finance Officer in consultation with the appropriate Portfolio Holder and then submitted to the Executive for determination of the Capital programme subject to resources being available.
- 2.23 Where new projects are brought into the programme and are funded from external grant for a specific purpose Executive can approve the scheme to be included in the capital programme.

Capital Programme Monitoring and Budgetary Control Arrangements

- 2.24 The Executive shall exercise control over capital spending and resources and may authorise variations to the Council's Capital Programme provided such variations:
- 2.24.1 are within available resources and
 - 2.24.2 are consistent with Council policy.
- 2.25 To enable the Executive to exercise control over capital spending, the Chief Finance Officer will report to the Executive quarterly with a review of the latest Capital Programme position.
- 2.26 Where projects in the Capital Programme are included on the assumption of resources becoming available, no financial commitments should be entered into on these projects unless resources are confirmed as being available to the satisfaction of the Chief Finance Officer. In the case where joint schemes are

entered into by one Director that will impact on another Director's Directorate, a full consultation process must be completed before expenditure is incurred.

2.27 Directors shall:

2.27.1 make arrangements for the implementation of the agreed Capital Programme in accordance with the Contract Procedure Rules;

2.27.2 monitor progress of spending and realisation of funding against the Capital Programme; and

2.27.3 review and update costings and phasing of projects and programmes as appropriate.

2.28 In the event that project costs are at variance with programme, either in terms of cash flow or in total, the Director should seek to bring the scheme in line with the programme or, if that should not prove possible, should attempt to contain variances within the overall programme for which the Director is responsible.

2.29 The Chief Finance Officer must be consulted where significant variances to the Capital Programme are anticipated. Should the Director be unable to accommodate variations in expenditure within the approved Capital Programme, sums up and including £250,000 may be vired between schemes upon approval of the relevant Director following consultation with the Chief Finance Officer. Virements between schemes over £250,000 and up to and including £500,000 will require the approval of the Executive and virements over £500,000 will require the approval of Council; all subject to appropriate resources being available.

2.30 Where there is a requirement for reprofiling between financial years (including accelerated spend or slippage) this will be reported to the Executive as part of the quarterly monitoring reporting and approved by the Executive where it is up to and including £500,000 and will require the approval of Council if it is over £500,000.

Reserves and contingencies

2.29 Section 25 of the Local Government Act 2003 places a duty on the Chief Finance Officer (section 151 Officer) to report to Council about whether the proposed reserves will be enough for the Council's purposes and support the budget. This includes general reserves and reserves earmarked for specified purposes.

2.30 The Executive has the authority to agree transfers to earmarked reserves. Transfers from earmarked reserves are agreed by the Chief Finance Officer providing the transfer is for the purpose which earmarking was agreed by Executive.

2.31 Request for earmarked reserves will be submitted by Directors to the Chief Finance Officer for consideration before recommending to Executive.

- 2.32 Whenever requested and, in any event, always at the financial year end Directors will provide the Chief Finance Officer with a statement of earmarked reserve balances held and movements therein. The Chief Finance Officer will consider the continuing relevance and adequacy of reserves (Earmarked and General Fund) and make recommendations to Executive and Council.
- 2.33 Transfers from contingencies to revenue budgets require the approval of the Chief Finance Officer.

Community Panel Budgets

- 2.34 Each Community Panel will be delegated appropriate budgets as approved by the Executive and agreed as part of the annual budget (revenue and capital) approved by Council and will work within the limitations of the guidance for the use of those budgets issued by Executive.

FPR3 – ACCOUNTING

3.1 The Chief Finance Officer shall:

- 3.1.1 determine accounting systems and procedures and the form of financial records and statements;
- 3.1.2 provide guidance and advice on all accounting matters;
- 3.1.3 monitor accounting performance to ensure an adequate standard for all services; and
- 3.1.4 certify all financial returns, grant funding applications and claims and other periodic financial reports required of the Council.

3.2 Each Director shall:

- 3.2.1 implement accounting procedures and adopt the form of financial records and statements as determined by the Chief Finance Officer;
- 3.2.2 obtain the approval of the Chief Finance Officer prior to introducing or changing the form or method of existing accounting systems and procedures, financial records or statements. Approval is to be requested from the Chief Finance Officer in writing. The request must give details of the proposed change and the anticipated benefit from the change, an estimate of the costs involved and the proposed implementation date.
- 3.2.3 complete and pass to the Chief Finance Officer financial returns and other financial reports requiring certification in good time; and
- 3.2.4 keep a proper separation of duties for staff with financial responsibilities.

3.3 The Chief Finance Officer shall be responsible, through staff under their control, for the keeping of the financial accounts of all Directorates of the Council. All accounting procedures shall be determined by the Chief Finance Officer but where such records are maintained in a Directorate other than that of the Chief Finance Officer, they shall consult with the Director concerned. Where agreement is not reached, the matter shall be referred to the Chief Executive.

3.4 The following principles shall be observed in connection with accounting systems:

- 3.4.1 the duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums shall be separated as completely as possible from the duty of collecting or disbursing them;
- 3.4.2 officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

- 3.5 The Chief Finance Officer is responsible for ensuring that the annual statement of accounts is prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the UK and regulations. The Chief Finance Officer will sign and date the statement of accounts, stating that it gives a 'true and fair' view of the financial position and transactions of the Council. Including group financial statements where the Council has material interests in subsidiaries, associates or joint ventures.
- 3.6 The Audit committee is responsible for approving the annual statement of accounts by the statutory deadline, and to receive reports from the external auditor relating to any material issues relating to the Accounts.

FPR4 – INTERNAL AUDIT

- 4.1 Internal Audit is an independent appraisal function established by the Council under the requirements of the Accounts and Audit Regulations 2015 and in line with the CIPFA Code of Practice for Internal Audit under the independent control and direction of the Chief Legal Officer with reference to the Chief Finance Officer.
- 4.2 The prime objective of Internal Audit is to provide assurance to the Council in relation to the internal control environment and assist management in delivering Council objectives through assessing exposure to risk and recommending where appropriate, practical improvements to the control environment.
- 4.3 It is the responsibility of Internal Audit to review, appraise and report to management upon:
 - 4.3.1 whether operations are being carried out as planned and objectives and goals are being met;
 - 4.3.2 the adequacy of systems established to ensure compliance with policies, plans, procedures, laws and regulations, i.e. rules established by the management of the organisation, or externally;
 - 4.3.3 the completeness, reliability and integrity of information, both financial and operational;
 - 4.3.4 the extent to which the Council's assets, data and interests are properly accounted for and safeguarded from losses of all kinds, including fraud, corruption, waste, extravagance, abuse, ineffective management and poor value for money; and
 - 4.3.5 the economy, efficiency and effectiveness with which resources are employed.
- 4.4 Internal Audit is required to provide an objective audit service in line with the Public Sector Internal Audit Standards and professional auditing standards. To this end Internal Audit will have no executive responsibilities and the Head of Internal Audit will have direct access to, and freedom to report to, all senior management including the Chief Finance Officer, Monitoring Officer, Chief Executive and the Chair of the Audit Committee.
- 4.5 The Head of Internal Audit will have the freedom to determine the priorities for Internal Audit in consultation with the Monitoring Officer, Directors and the Audit Committee, and will have an unrestricted range of coverage of the Council's and associated Local Authority Controlled Companies' operations.
- 4.6 Internal Audit shall have access to all officers, buildings, information, explanations and documentation required to discharge the audit role.
- 4.7 This includes not only the Council, but also:
 - 4.7.1 organisations to whom the Council has given grants;

- 4.7.2 organisations where Council Services are delivered through contracts or agreements with third parties, including Local Authority Controlled Companies and where the Council is the Lead or Accountable Body.
- 4.8 Directors shall ensure that these rights of access are written into the appropriate agreements with these organisations.
- 4.9 All material findings will be communicated to the relevant Directorate management and, once agreed, a final report will be sent to the Director and, where appropriate, the Chief Finance Officer. The Council's Senior Leadership Team is expected to implement all agreed audit recommendations within a reasonable timeframe and Internal Audit will undertake appropriate follow up work in this regard.
- 4.10 The Council's Head of Internal Audit, in consultation with the Monitoring Officer and Chief Finance Officer, shall:
 - 4.10.1 provide an annual opinion to the Audit Committee on the soundness of the Council's overall internal control arrangements;
 - 4.10.2 report material failures of financial control to the Chief Finance Officer, the Chair of the Audit Committee and the appropriate Portfolio Holder and Director; and
 - 4.10.3 where evidence of fraud, misappropriation or theft is discovered, decide, after consultation with the Monitoring Officer, Chief Finance officer and relevant Director(s), whether to refer the matter to the Police.
- 4.11 Each Director shall:
 - 4.11.1 respond without undue delay to any enquiries or recommendations made by the Head of Internal Audit.
 - 4.11.2 inform the Head of Internal Audit as soon as possible of failures of financial control, including matters which involve, or may involve, financial irregularity.
- 4.12 The Head of Internal Audit and each Director jointly shall investigate failures of financial control, including matters which involve, or may involve, financial irregularity.
- 4.13 If serious irregularity is confirmed the matter shall be reported to the Chief Executive, Audit Committee, Monitoring Officer, the appropriate Director and, where staff are involved, the Director of Business Transformation and Change.

FPR5 – INCOME

The objective of this Finance Procedure Rule is to ensure that all income due to the Council is collected, banked and properly accounted for. This includes sums received by electronic means such as debit/credit cards, internet, telephone and direct debits.

- 5.1 The collection of all sums due to the Council shall be under the supervision of the Chief Finance Officer in conjunction with the relevant Director or the appropriate officer of any third-party collecting sums on behalf of the Council. The Chief Finance Officer shall make and maintain adequate arrangements for prompt and proper accounting for all income received including the collection and deposit of such sums.
- 5.2 Details of all charges to be made for work, services, or goods supplied by the various Directorates of the Council, and of all other amounts due, shall be promptly notified to the Chief Finance Officer in a form approved by them. All income due to the Council shall be collected by the Chief Finance Officer, subject to any other arrangements made by him/her. The basis and level of fees and charges must be reviewed by Directors on, at least, an annual basis, and new charges must be approved by the Executive.
- 5.3 The Chief Finance Officer shall be consulted on any proposal for the introduction of, or a variation in, a scale of charges, other than those agreed at National or Regional level. Where the source of income is a new one the collection arrangements shall be agreed with the Chief Finance Officer and the sums anticipated shall be notified to them. Where Directors introduce new fees and charges, or a change in policy, such charges shall be referred to the Executive for approval.
- 5.4 All sums received by either:
 - 5.4.1 Cashier; or
 - 5.4.2 other person/ third Party authorised by a Director to collect sums due to the Councilshall be immediately acknowledged, by the issue of a receipt or ticket or by other method agreed by the Chief Finance Officer. Payments by other methods need not be acknowledged unless requested.
- 5.5 Every transfer of official money from one member of staff to another shall be immediately evidenced in the records by the signature of the receiving officer.
- 5.6 All money received on behalf of the Council shall be held securely and paid to the Chief Finance Officer or, as they may direct, to the Council's bankers.
- 5.7 Payment/banking shall be at least weekly, unless otherwise agreed by the Chief Finance Officer.

- 5.8 All monies received shall be banked as soon as practicable, all insurance limits on safes shall be adhered to and all cash/ cheques shall be banked no later than one week after receipt.
- 5.9 Where an agreed collection schedule is arranged with a third-party collecting sums on behalf of the Council, Directors must ensure, by liaison with the Council's Insurance Officer, that the insurance limit on their safe is adequate to cover the value of monies received and held. No deductions may be made from such money except as expressly authorised by the Chief Finance Officer.
- 5.10 Each officer who pays in money on behalf of the Council shall enter on the pay-in slip and duplicate or counterfoil, particulars of such payment, including in the case of each cheque paid in:
 - 5.10.1 the amount of the cheque;
 - 5.10.2 the invoice/account number if one exists;
 - 5.10.3 if an account/invoice number does not exist then a reference (such as the number of the receipt given, or the name and/or address of the debtor), which will connect the cheque with the debt for which it was received.
- 5.11 Each officer shall also provide no later than the following working day, particulars of each payment to the Chief Finance Officer.
- 5.12 Directors must ensure that levels of income received are compared to budget figures of income due on a regular basis and differences promptly investigated.
- 5.13 The advice of the Chief Finance Officer must be sought on agreements which provide for variable income.
- 5.14 Wherever possible/practical income should be collected in advance of service, or where this is not possible, by an official invoice.
- 5.15 Apart from those income streams specifically excluded by the Chief Finance Officer (in particular, local taxes) accounts for sums due may only be raised on the Council's corporate Accounts Receivable system unless alternative arrangements have been approved by the Chief Finance Officer.
- 5.16 Arrangements for payment by instalment must be authorised by the Chief Finance Officer.
- 5.17 Unused manual receipts, tickets or vouchers must be held securely at all times. A record of stocks held must be kept and blank receipt books/unused tickets must only be issued to staff on receipt of their signature in the stock record. Staff holding individual receipt books/ticket books must keep them in a secure manner. Directors must ensure that a regular independent reconciliation is carried out of stock records to physical stocks held.

- 5.18 Security and retention of safe keys must be in accordance with the dictates of the Council's Insurers. Advice on this matter should be sought from the Insurance Section.
- 5.19 Written authorisation of the Chief Finance Officer must be obtained before uncollected income due is written off.
- 5.20 Personal cheques must not be cashed out of money held on behalf of the Council unless they are cheques drawn on the Council's bank account and express authority of the Chief Finance Officer has been given to such action.

Revenues and Taxation

- 5.21 The Chief Finance Officer is responsible for:
 - 5.21.1 Setting the Council Tax Base.
 - 5.21.2 Calculating the Council Tax Requirement.
 - 5.21.3 Calculating the Council Tax as required by legislation; by Parish and by Band.
 - 5.21.4 The award of mandatory or discretionary, exemptions, disregards and discounts.
 - 5.21.5 Council Tax billing.
 - 5.21.6 The collection and recovery of Council Tax due.
 - 5.21.7 Applying any applicable or relevant prescribed changes to the Local Council Tax Reduction Scheme.
 - 5.21.8 Determining, assessing, awarding and paying Housing Benefit and Council Tax Support.
 - 5.21.9 Dealing with all matters relating to the Business Rate Retention Scheme and agency arrangements, including billing, collection, recovery and the award of mandatory or discretionary, exemptions and reliefs.
 - 5.21.10 Determining membership of the Cumbria Business Rate Pool.
 - 5.21.11 Payment of precept demands.
 - 5.21.12 Maintaining the list of employees authorised to represent the Council in the Magistrates Court as Chief Finance Officer to deal with local taxation matters.

Business Improvement Districts (BID)

- 5.22 The Chief Finance Officer is responsible for:
 - 5.22.1 BID levy billing.
 - 5.22.2 The collection and recovery of BID levy due.
 - 5.22.3 Payment of the levy collected to the BID.
 - 5.22.4 Recovering the cost of administering the BID and collection process.

Debt write off

- 5.23 The Chief Finance Officer is responsible for maintaining records of debts raised and notified by Directors for collection, and is also responsible (together with Directors where such tasks may have been delegated), for subsequent recovery of debts.
- 5.24 Directors will provide the Chief Finance Officer and/or the Monitoring Officer with all information required for the collection of debts. The Monitoring Officer, after consultation with the relevant Director, has responsibility to institute, defend, settle or compromise claims as they consider appropriate on behalf of the Council.
- 5.25 Directors will provide the Chief Finance Officer with information required to report on the collection of income and debt, in the format and timescales agreed by the Chief Finance Officer. Directors will keep records of all write of debt in a form approved by the Chief Finance Officer.
- 5.26 Directors, in consultation with the Chief Finance Officer and Monitoring Officer have responsibility to write off debts up to the value of £5000 for any one item in respect of:
- 5.26.1 Losses arising when property of the Council is lost, stolen, damaged or destroyed and the loss is not recoverable from insurance or other sources;
 - 5.26.2 Losses upon disposal of stock at a price less than the book value at the time of disposal: and
 - 5.26.3 Money due to the Council which has become irrecoverable or is thought no longer cost effective to recover
- Provided in each case that proper steps have been taken to mitigate the loss in accordance with the Debt Recovery Policy and steps taken to prevent a recurrence.
- 5.27 The Chief Finance Officer may approve the write off of debts in respect of a), b) and c) above up to the value of £25,000 or with the approval of the Executive over the value of £25,000.
- 5.28 Directors and their staff do not have the authority to write off salary and allowances overpayments without going through the formal write-off procedure as stated above.
- 5.26 Audit Committee will be informed annually and Executive will be informed quarterly of debts in excess of £25,000 that have been written off for accounts purposes.

VAT

- 5.27 Directors will ensure that, where applicable, VAT is charged in calculating any income due in accordance with FPR5. Directors will seek advice on VAT from the Chief Finance Officer when required.
- 5.28 The Chief Finance Officer is responsible for ensuring income is recorded in the Council's corporate financial systems. Directors will ensure that all income is accurately recorded against the correct budget.

FPR6 – BANKING ARRANGEMENTS AND CHEQUES

The objective of this Financial Procedure Rule is to ensure sound banking and payments arrangements by limiting responsibility for this to the Chief Finance Officer.

- 6.1. All arrangements with the Council's bankers shall be made by or under arrangements approved by the Chief Finance Officer who shall be authorised to operate such banking accounts as they may consider necessary. No bank accounts or similar may be opened without the consent of the Chief Finance Officer. The maintenance of Council bank accounts shall be in accordance with arrangements determined by the Chief Finance Officer.
- 6.2. The Chief Finance Officer shall be responsible for making all arrangements in connection with electronic payment and collection of monies and shall ensure that adequate security exists within these arrangements to prevent loss due to error or fraud.
- 6.3. All cheques, and other orders for payment shall bear the electronic signature of the Chief Finance Officer, or be signed by the Chief Finance Officer or other officers so authorised.
- 6.4. All cheques shall be ordered only on the authority of the Chief Finance Officer who shall make proper arrangements for their custody.
- 6.5. The approval of the Chief Finance Officer must be obtained for any proposal to enter into a credit agreement.
- 6.6. The approval of the Chief Finance Officer must be obtained to pay for goods or services through a Direct Debit agreement.

FPR7 – ORDERS FOR GOODS WORKS AND SERVICES

The objective of this Financial Procedure Rule is to ensure that work, goods and services are only ordered for the purposes of Council business and that the resulting expenditure is within budget and properly approved.

- 7.1. Each Director shall be responsible for all orders requisitions from their Directorate for goods, work or services. Official orders shall be issued for all work, goods or services to be supplied to the Council, except periodical payments, petty cash purchases or such other exceptions as may be approved. Before orders are made the authorised officer must ensure:
 - 7.1.1. that there is adequate budget provision before committing expenditure and ensure any necessary Director or Executive approvals are obtained as necessary; and
 - 7.1.2. any necessary Director or Executive approvals have been obtained as set out in the Council's Contract Procedure Rules on procurement.
- 7.2. If goods are to be ordered on behalf of another Directorate, then a written requisition must be received from the relevant Director, authorised by them or one of their nominated officers.
- 7.3. Orders must be made in advance of receiving the goods or services, using the procedure or system approved by the Chief Finance Officer, unless otherwise agreed, and conform with the Council's purchasing procedures.
- 7.4. Each order shall conform with the policies of the Council with respect to procurement and any standardisation of supplies and materials.
- 7.5. Whenever practicable, the duties of ordering, receiving goods and certifying invoices (where not electronically matched) for payment shall not be performed by one officer.
- 7.6. A list of officers nominated to approve the ordering of goods must be maintained and utilised by each Directorate and a sample of their signature must be maintained and utilised where an approved electronic workflow is not used.
- 7.7. Before orders are made the Director or designated Officer must assure themselves of the following:
 - 7.7.1. prices are in accordance with the agreement, any price list provided by the Council's Procurement team, contract, quotation or current market rate, whichever is applicable;
 - 7.7.2. the order is in accordance with the Council's policy and instructions and complies with the Council's Contract Procedure Rules on Procurement.
 - 7.7.3. the expenditure is within the amount provided by annual estimates or approved supplementary estimate; that it has been charged in the financial year in which the work is done, or the goods received, irrespective of the year in which provision has been made in annual estimates;

- 7.7.4. the order is correctly coded; and
- 7.7.5. the order is approved by a nominated officer;
- 7.8. Notification of goods/services received or amendments to orders eg quantity/price should be completed promptly using a form agreed by the Chief Finance Officer to ensure invoices are not blocked for payment and suppliers are paid on time.

FPR8 – PAYMENT OF ACCOUNTS

The purpose of this Finance Procedure Rule is to ensure that all payments made by the Council are:

- a) *lawful;*
- b) *properly authorised by an appropriate officer;*
- c) *within the amount provided in the Council's budget.*
- d) *paid on time*

- 8.1. Apart from petty cash and other payments from the Imprest accounts, the normal methods of payment of money due from the Council shall be made as appropriate by one of the following ways: CHAPS, BACS, cheque drawn or direct debit on the Council's bankers by the Chief Finance Officer.
- 8.2. Before any payments are made the Director or designated officer must assure themselves of the following (unless otherwise expressly agreed by the Chief Finance Officer):
- 8.2.1. the goods have been received, the work done, or the services rendered (except in a limited number of instances where advance payments are absolutely necessary e.g. attendance at a conference or course) and that they are satisfactory as to quality and correct as to quantity;
 - 8.2.2. the goods or services have not been paid for previously;
 - 8.2.3. the payments are arithmetically correct, and prices are in accordance with the agreement, any price list circulated by the Council's Procurement team, contract, quotation or current market rate, whichever is applicable;
 - 8.2.4. the payment is lawful;
 - 8.2.5. the expenditure is within the amount provided by annual estimates or approved supplementary estimate; that it has been charged in the financial year in which the work is done, or the goods received, irrespective of the year in which provision has been made in annual estimates;
 - 8.2.6. the payment is correctly coded; and
 - 8.2.7. appropriate entries have been made in inventories or stock or stores records.
- 8.3. Certificates for contract payments (authenticated by a duly appointed consultant where appropriate) shall be submitted to the appropriate Director, who will authorise the certificate for payment after examining it to see that it is within the contract sum, subject to any authorised variations and is reasonable. Certificates must include details of the value of the work, retention money, amounts previously certified and amounts now certified.

- 8.4. Invoices subject to discount for prompt payment shall be passed in sufficient time to enable the discount to be claimed. Where invoices are received within Directorates they should be sent for processing promptly to ensure invoices are paid on time. All payments should be processed within 30 days. The requirements of the Late Payment of Commercial Debts (Interest) Act 1998 and the policies and procedures adopted by the Chief Finance Officer in relation to the Act shall be fully adhered to by all Directors.
- 8.5. All invoices shall be retained for at least 6 years. In the case of invoices relating to grant claims these must be kept until after the grant claim has been audited even if this exceeds 6 years. In all cases the Chief Finance Officer should be consulted before any disposal takes place.
- 8.6. Each Director shall as soon as possible after 31st March in each year, and in accordance with the final accounts timetable, notify the Chief Finance Officer of all outstanding expenditure relating to the previous financial year, and normally if accounts are not received during the month following that in which goods were delivered, services rendered, or work completed, the creditor shall be asked to supply an account forthwith.
- 8.7. Where grants can be claimed on expenditure incurred, Directors should be aware of the appropriate grant conditions and ensure that payments meet these conditions with regard to types of expenditure, payment date, etc. (see also Finance Procedure Rule 15).

Taxation

- 8.8. The Chief Finance Officer is responsible for ensuring that appropriate advice is available to Directors on all taxation issues (excluding payroll) that affect the County Council, having regard to guidance issued by appropriate bodies and relevant/applicable legislation.
- 8.9. The Director with responsibility for payroll is responsible for ensuring that appropriate advice is available to Directors on all payroll taxation issues that affect the Council, having regard to guidance issued by appropriate bodies and relevant/ applicable legislation.
- 8.10. The Chief Finance Officer is responsible for ensuring that the Council's tax records are maintained and that all tax payments are made, tax credits received, and tax returns submitted by their due date as appropriate, and tax transactions are properly accounted for.
- 8.11 Tax related documentation will be stored and be readily accessible for examination in accordance with the Council's data retention policy and/or as directed by the Chief Finance Officer.

FPR9 – PAYMENT OF EMPLOYEE RELATED EXPENSES

The objective of this Financial Procedure Rule is to ensure that staff are appointed in accordance with the Council's Codes of Practice on Recruitment and Selection, are paid in accordance with their Contract of Employment and to ensure leavers are removed from the payroll.

- 9.1 The payment of all salaries, wages, pensions, compensation and other emoluments shall be made by the Director with responsibility for payroll or under arrangements approved by them together with the Chief Finance Officer.
- 9.2 The Council will keep data for each employee regarding the employee's contract of employment together with sufficient information to identify service, salary scale and current amount payable, and sickness leave taken.
- 9.3 Each Director shall notify the Director of Business Transformation and Change in the form prescribed, of all matters affecting the payment of emoluments, and in particular:
 - a. appointments, resignations, dismissals, secondments and transfers;
 - b. absences from duty for sickness or other reason, apart from paid leave;
 - c. changes in remuneration including normal increments and pay awards and agreements of general application;
 - d. information necessary to maintain records of service for superannuation, income tax, national insurance etc; and
 - e. provision of benefits in kind.
- 9.4 All timesheets or other pay documents shall be in a form prescribed or approved by the Director of Business Transformation and Change and shall be duly certified by a nominated officer.
- 9.5 Each Director shall be responsible for the submission of the relevant documents within an approved timetable to enable the Director of Business Transformation and Change to make payments by the due dates.
- 9.6 On a regular basis the Director shall be provided by the Director of Business Transformation and Change with a selected list of staff currently paid within their Directorate and the rate at which they are currently being paid. The Director shall certify that every name on the list is a bona fide employee of their Directorate and that the rate of payment to the employee is correct.
- 9.7 The Director of Business Transformation and Change is responsible for maintaining appropriate systems and records, to ensure that a proper allocation of those costs, deductions and related employer's contributions and payments can be provided as required by the Chief Finance Officer for updating Council's corporate financial systems.

FPR10 –PETTY CASH ACCOUNTS

- 10.1 The Chief Finance Officer shall provide petty cash accounts of such amounts as may from time to time be required for the purpose of paying subsistence allowances, local bus and train fares, minor items of equipment and postage stamps and other such urgent payments as may be determined.
- 10.2 Where they consider it appropriate, the Chief Finance Officer shall open an account with the Council's bankers for petty cash use. No person may overdraw on this account.
- 10.3 A petty cash payment slip must be completed for every reimbursement that is made, signed by the claimant, authorised by their manager and signed by the person making the payment. Receipts must be obtained to back up all expenditure made and reclaimed through the petty cash account and attached to the petty cash payment slip. Please note that this is an agreed prerequisite with the Inland Revenue.
- 10.4 All income received must be banked as provided in these Rules. The only payments into the account must be the reimbursement of the float and change relating to small purchases where an advance has been made. (NB: Such advances must not be for travel/ subsistence purposes).
- 10.5 Petty cash accounts must never be used to cash personal cheques or make personal loans. On leaving the Council's employment or otherwise ceasing to be entitled to hold a petty cash advance, an employee shall account to the Chief Finance Officer for the amount advanced to them.
- 10.6 A list of officers nominated to request the opening of a new petty cash account and a sample of their signature must be supplied by Directors to the Chief Finance Officer and updated on a regular basis.
- 10.7 Petty cash re-imburement claims should be correctly coded and authorised for payment by a nominated officer.

FPR11 – RISK MANAGEMENT AND INSURANCE

The objective of this Financial Procedure Rule is to ensure that the Council manages potential strategic and operational risks and liabilities and to limit the authority for arranging insurance cover to the Chief Finance Officer.

- 11.1 The Executive is responsible for approving the Council's risk management strategy and strategic risk assessment and for ensuring that proper insurance cover exists where appropriate.
- 11.2 The Senior Leadership Team will update the corporate risk register on a quarterly basis. The Chief Finance Officer is responsible for preparing the Council's Risk Management Strategy and Directors are responsible for promoting and implementing the risk management strategy throughout the Council.
- 11.3 It is the responsibility of each Director to assess annually all risks within the areas under their control, and to record them in an annual risk management plan.
- 11.4 All risks will be recorded in the corporate risk register together with an action plan to show how the risks are owned, monitored, and mitigated.
- 11.5 The management of risks must be reported to the Senior Leadership Team and the Executive. The format and frequency of reporting will be set out in the Council's risk management strategy
- 11.6 The Audit Committee will monitor the effective development and operation of risk management framework in the Council.
- 11.7 The Chief Finance Officer shall assess the Council's overall insurance requirements and will be responsible for arranging all insurance cover and will review insurance cover on an annual basis.
- 11.8 Each Director shall be responsible for identifying, assessing and controlling risks within their Directorate and will undertake an annual review of Directorate risk in consultation with the Chief Finance Officer.
- 11.9 The Chief Finance Officer shall ensure that all claims against the Council's insurances are processed and negotiate settlements where liability is accepted within the limits and conditions agreed with the Council's insurers. Directors shall be responsible for providing the necessary information in a timely manner and every assistance in the defence or submission of claims shall be afforded to the Chief Finance Officer. Where it is deemed an insurance recovery will not be forthcoming the relevant Director shall identify a budget.
- 11.10 The Chief Finance Officer shall ensure a record is kept of all insurances effected by the Council and the property and risks covered thereby, including valuations of insured property. Directors shall notify the Chief Finance Officer on all new risks, properties and vehicles which may need to be insured and of any

alterations affecting existing risks or insurances and provide all information requested by insurers in connection with these and current risks.

- 11.11 All employees concerned with the receipt, custody and/or disbursement of the monies and property of the Council shall be included in a suitable fidelity guarantee insurance. Directors shall ensure that the Insurance Section are notified of such persons.
- 11.12 Directors shall require approval of the Chief Finance Officer and the Monitoring Officer, in respect of the terms of any indemnity which the Council is requested to give.
- 11.13 The Chief Finance Officer shall be consulted about any insurance policies that Directors may wish to arrange on behalf of other parties.
- 11.14 Directors are responsible for ensuring that anyone covered by the Council's insurances is aware that they must not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim and notify the Insurance Section as soon as possible of any event which may give rise to a claim under any insurance policy.

FPR12 – TREASURY MANAGEMENT

The objective of this Finance Procedure Rule is to ensure that proper processes are in place for Treasury Management

- 12.1 All investments and borrowing shall be made by the Chief Finance Officer and are in the name of Cumberland Council
- 12.2 All securities which are the property of or are in the name of the Council shall be held in the custody of the Chief Finance Officer.
- 12.3 The Chief Finance Officer is the Council's Registrar of Stocks, Bonds and Mortgages.
- 12.4 The Chief Finance Officer shall produce a Treasury Management Policy Statement and an Annual Investment Strategy Report, Prudential indicators and MRP policy statement and submit them to the Executive and to Council each year. The Chief Finance Officer shall also report on Treasury Management activity during the year, on a six monthly basis, and will revise the Treasury Management Strategy as appropriate and submit to the Executive for approval, and as appropriate to Council.
- 12.5 The Chief Finance Officer may vary the Council's lending list following advice from Treasury advisers. Any changes will then be reported to the Executive as part of the quarterly monitoring report and if necessary also to Council retrospectively in accordance with normal Treasury Management reporting procedures.
- 12.6 All Treasury Management activities must be conducted by the Chief Finance Officer in line with the relevant CIPFA Code of Practice for Treasury Management in Local Authorities and the CIPFA Prudential Code for Capital Finance.
- 12.7 Adequate division of duties must exist between arranging and settling of transactions.
- 12.8 Arrangements must exist which provide for someone other than the officer responsible for day-to-day investment transaction to monitor investment levels, which should be periodically reviewed.

FPR13 – REIMBURSEMENT OF EXPENSES AND PAYMENT OF ALLOWANCES

The objective of this Financial Procedure Rule is to ensure that the reimbursement of allowances and expenses to staff and members is in accordance with the appropriate agreements and legislation.

- 13.1 All claims by employees for payment of car allowances shall be submitted at monthly intervals to the Director of Business Transformation and Change in approved form, duly certified by the Director or other nominated officer. Payment of other travelling expenses, subsistence allowances and incidental expenses will be made upon receipt of the appropriate form duly certified.
- 13.2 Payment to members of the Council or its Directors who are entitled to claim travelling and subsistence allowance will be made by or on behalf of the Director of Business Transformation and Change upon receipt of the prescribed form duly completed.
- 13.3 Receipts must be provided for all expenditure claimed wherever possible. This is a prerequisite of the Inland Revenue.
- 13.4 All claims for a financial year are to be submitted not later than one month following 31st March in any year, except with the express approval of the Director of Business Transformation and Change .
- 13.5 Certification of a claim shall be taken to mean that the journeys were authorised, and the expenses properly and necessarily incurred, and that the allowances are properly payable by the Council in accordance with the rates approved by the Executive Claims submitted must provide sufficient information to allow such certification to take place.
- 13.6 Advances for travel and subsistence expenses will only be made in exceptional circumstances to be approved in advance by the Director of Business Transformation and Change.

FPR14 – SECURITY AND CONTROL OF ASSETS

The objective of this Financial Procedure Rule is to ensure the proper use and safeguarding of assets owned by the Council or for which the Council has responsibility. This Rule applies to all assets, including stocks, stores, furniture, equipment, vehicles, cash, land and buildings, software and information that are owned by, or are in the possession of the Council and for which the Council is responsible.

- 14.1 The use of assets is restricted to authorised Council business. Surplus assets shall be disposed of in an appropriate manner and in accordance with the Contract Procedure Rules on land and property.
- 14.2 The Monitoring Officer shall have custody of all title deeds of land and property owned by the Council and be responsible for their security, and shall maintain a terrier of all land and properties owned by the Council recording the location, extent, plan, reference, purchase details, nature of the interests, tenancies granted, rents payable and purpose for which held.
- 14.3 The Director of Resources is designated as Senior Information Risk Officer (SIRO) for the Council and shall ensure that information risk is properly identified, managed and controlled. Assistant Directors are designated as Information Asset Owners (IAOs) and shall ensure that appropriate information assurance mechanisms and inventories are in place to support these SIRO requirements.

Stores

- 14.4 Each Director shall be responsible for the care and custody of the stocks and stores in their Directorate; these shall not be in excess of normal business requirements.
- 14.5 On a regular basis, at not more than 12 monthly intervals, each Director shall organise a complete examination of all existing stocks with a view to reducing the number of slow-moving items and disposing of obsolete stock items.
- 14.6 Delivery notes must be obtained in respect of all goods received into store and goods must be checked with both the delivery note and the official order as regards quantity and compliance with specification as soon as practicable thereafter.
- 14.7 Issues of all stores, other than small value materials, shall be supported by the requisition stating the quantity required and signed by a responsible officer. A receipt shall be obtained for such issues on the appropriate form.
- 14.8 The Chief Finance Officer shall be entitled to receive from each Director such information as they require in relation to stores for accounting, costing and financial records. The Chief Finance Officer shall determine the method of valuation of stores.
- 14.9 Directors shall arrange for periodical test checks of stocks by persons other than the storekeepers and shall ensure that all stocks are checked at least once every year either on an annual basis or as part of a rolling programme. A representative of the Chief Finance Officer may similarly make checks from time to time and the Chief Finance Officer must be notified of an annual stocktake and is entitled to be represented. Any shortages or surpluses are to be certified by the Director and passed to the Chief Finance Officer who may, after any investigation deemed

necessary, authorise the adjustment of the stock records to reflect the actual stock position.

- 14.10 Stores equipment or materials found to be obsolete or in excess of requirements shall be disposed of appropriately. The use of a competitive process should be followed unless it is agreed that it is not in the interests of the Council.

Property

- 14.11 The Council's Asset Management Strategy sets out the vision, core values and objectives for the management of the Council's assets. Property related matters are the responsibility of the Director of Resources as Corporate Landlord.

- 14.12 Except as agreed by Council, no officer may raise money by securing any legal charge or claim upon the buildings, land or any other asset or interest of the Council. Any contract or legal agreement involving a charge upon assets (of the Council or a contractor) will be forwarded to the Monitoring Officer and the Chief Finance Officer for approval and signature on behalf of the Council.

- 14.13 The Council takes a Corporate Landlord approach to the ownership and management of its operational property assets (excluding highways, for which the Director of Place Sustainable Growth and Transport is responsible). The Corporate Landlord approach means that the ownership of property assets and the responsibility for their management and maintenance is transferred from service directorates to the Corporate Landlord, which is a centralised corporate function.

- 14.14 In this way the Corporate Landlord approach:

14.14.1 enables the Council to utilise its assets to deliver better, more efficient services to our communities;

14.14.2 unlocks the value of assets, seeks efficiencies through joint arrangements with our public sector partners and maximises private sector investment;

14.14.3 ensures the provision of a consistent, corporate and strategic approach to the management of the Council's property portfolio; and

14.14.4 Supports the delivery of the Asset Management Plan.

Inventories

- 14.15 Inventories shall be maintained by all Directors and kept up to date. They must contain an adequate description (including serial numbers where appropriate) of furnishings, fittings, equipment, plant, machinery, vehicles and other property of the Council.

- 14.16 Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the Council.

- 14.17 Each Director is responsible for making checks of such inventories not less than once per year.

- 14.18 No property of the Council shall be removed otherwise than in the ordinary course of business or used otherwise than for the Council's purposes except in accordance with specific instructions issued by the Director concerned.
- 14.19 Inventory items found to be obsolete or in excess of requirements shall be disposed of in such a way as is appropriate having regard to the type of item and to the Council's policies. Such disposals exceeding £1000 shall be subject to the approval of the CFO.

FPR15 – PAYMENT OF GRANTS AND BENEFITS, AND ASSISTANCE THROUGH LOAN OR GUARANTEE

The objective of this Financial Procedure Rule is to ensure that only properly authorised grant and benefit payments are made, or Loans and Guarantees provided, and where discretionary, to ensure that their purpose is achieved.

- 15.1 Where specific services are required from a third party, care must be taken to ensure that the Contract Procedure Rules are applied where appropriate.
- 15.2 Prior to the award of a grant, Directors in consultation with the Chief Finance Officer, must consider the need for a financial appraisal of the recipient organisation to ensure the company is financially viable.
- 15.3 The award of any loan or guarantee must be approved by the Chief Finance Officer and Monitoring officer.
- 15.4 The approval of Executive must also be sought before Directors provide assistance to any third party by way of loan, grant or guarantee of over £150,000 to any one body in any one financial year where it is outwith the approved budget
- 15.5 Each Director shall provide a record justifying the award of the loan, grant or guarantee.
- 15.6 All claims must be correctly certified and submitted only if all conditions are met. The Director or designated officer is responsible for examining, verifying and certifying grant/benefit payments and certification shall mean that:
 - 15.6.1 the grant/benefit payment has not been paid previously;
 - 15.6.2 the payment is lawful and is in accordance with the Council's policy;
 - 15.6.3 the payment is arithmetically correct;
 - 15.6.4 the grant is within budget provision.
- 15.7 Where grants are made to third parties who subsequently procure any part of the works or services covered by the grant, the grant conditions should require the procurement process to be broadly comparable to those contained with the Contract Procedure Rules (e.g. competitive process). The conditions in this regard are to be agreed by the Chief Finance Officer.
- 15.8 When making payments for which external funding can be claimed, Directors must be aware of any conditions/obligations laid down by the external funder that the Council must meet (e.g. monitoring of spending) and be satisfied that these conditions/obligations can be and are being met. This includes retaining required records and asset registers as appropriate, and in accordance with FPR14.
- 15.9 Where funding is dependent upon achievement of outputs, such outputs must be evidenced and monitored accordingly.

FPR16 – RECORD OF CONTRACTS FOR CAPITAL WORKS

- 16.1 Each Director shall be responsible for maintaining proper records for all contracts in accordance with the Contract Procedure Rules and for informing the Chief Finance Officer and appropriate Portfolio Holder where the final cost is likely to exceed the financial provision.
- 16.2 In every case before a Director or consultant issues or certifies a final certificate of payment under a contract the Chief Finance Officer shall have an opportunity to examine the contractor's final account together with such relevant documents and information as they may require.

FPR17 – EXTERNAL ARRANGEMENTS

Voluntary and Trust Funds

- 17.1 Voluntary funds and trust funds will be managed and administered in accordance with relevant statutory requirements and the requirements of the other parts of these financial regulations
- 17.2 The responsible Director and/or trustee/fund managers will ensure that the Chief Finance Officer is notified of the establishment of any fund which the Council is to act as trustee or otherwise manage. The processes and information to be notified will be determined by the Chief Finance Officer.
- 17.3 If it is not apparent from the trust deeds or approved otherwise by the trustees, the Chief Finance Officer will act as Treasurer of that voluntary fund or trust fund.
- 17.4 Where the funds are external to the Council and the operating and/or provision of services and/or facilities involve the Council or its officers, Directors will ensure that in advance of such arrangements that legal (from the Monitoring Officer) and financial advice (from the Chief Finance Officer) is obtained, and the respective responsibilities of the Council and the trust are clarified and formally agreed.

Partnerships

- 1.5 The Executive is responsible for deciding whether or not to enter into partnership arrangements. In order to make the decision, the report must describe how the following minimum requirements have been or will be met:
 - 17.5.1 Business Case for participation (including risk assessment);
 - 17.5.2 What powers are proposed to be delegated to (i) the body and (ii) officers;
 - 17.5.3 Where the partnership is to be established by the Council the governing document appropriate to the legal structure of the partnership;
 - 17.5.4 Where the partnership is to be established by the Council, the operational arrangements; and
 - 17.5.5 Where the partnership is established by a third party, the governance arrangements of the partnership (which must in the opinion of the Director meet the standards required by the council).

Accountable Body arrangements

- 17.6 The Executive is responsible for giving approval for the Council to take on accountable body responsibilities. Accountable Body arrangements involve the Council accepting responsibility for the obligations set out in terms of any funding granted to a third party. Accountable Body arrangements are different to those where the Council acts as grant recipient of funding for an activity it is solely responsible for.
- 17.7 The following are the minimum requirements for the Executive to make a decision about taking on accountable body responsibilities:

- 17.7.1 Terms of the funding agreement (where known);
- 17.7.2 Description of arrangements for allocation of funding;
- 17.7.3 Description of applicable financial and audit procedures;
- 17.7.4 Risk assessment/management plan relevant to the Council acting as Accountable Body; and
- 17.7.5 Recovery of costs incurred by the Council acting as accountable body.

17.8 Where the accountable body arrangements involve the Council accepting responsibility for a contingent liability, in respect of future payments or stewardship of assets, a report will first be made by the relevant Director together with the Chief Finance Officer to Executive for its approval and Council will be informed of these liabilities.

External Funding

17.8 Where the Council bids for revenue or capital external funding (either directly or as the accountable body) the decision to apply or bid for the funding is the responsibility of the Director after consultation with the relevant Portfolio Holder, Leader of the Council, Finance Portfolio holder and Chief Finance Officer.

17.9 Successful applications/bids will be reported to Executive and associated expenditure will be included in the revenue budget and/ or capital programme.

17.10 Where the Council is providing match funding to support projects or funding applications by other organisations, and these organisations request the Council's support for a project which they are pursuing, the responsibility for approving the Council's support is the relevant Director in consultation with the relevant Portfolio Holder, Leader of the Council, the Finance Portfolio holder and Chief Finance Officer.

17.11 In respect of any external funding arrangements, whether the Council is the accountable body or not, it is the responsibility of the relevant Director, in consultation with the Chief Finance Officer to ensure that adequate financial management arrangements are in place prior to entering the Council into an external funding arrangement. The processes to ensure adequate financial management arrangements will be determined by the Chief Finance Officer and must be consistent with the terms and conditions of the funding agreement.

17.12 The Chief Finance Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's corporate financial systems, and Directors are responsible for providing the Chief Finance Officer with all necessary information to enable this to be achieved.

17.13 Where the Council receives grants (revenue or capital) or external funding from outside bodies (usually, but not restricted to government departments) in the absence of a bidding process, the grant income / external funding is usually subject to clear grant notifications and directions and will be included in the annual Budget Report to Council or reported in year to Executive through the regular budget monitoring reports as applicable.

- 17.14 Where external organisations bid for resources from the Council, in addition to the above, it is essential to ensure that the Council's resources are not committed to pursue the priorities of another body (which may not coincide with the Council's own aims and priorities, approved by the policy framework) unless the matter has first been properly evaluated, considered and approved.
- 17.15 If any Councillor or Officer is involved with an external organisation that is bidding for Council funding, they must declare their interest and withdraw from any and all involvement in the decision making process.
- 17.16 It is the responsibility of Directors, in consultation with Finance, to ensure that adequate financial management arrangements are in place prior to entering the Council into a strategic and commercial contract or partnership arrangements. The processes to ensure adequate financial management arrangements will be determined by the Chief Finance Officer.
- 17.17 This section should be read in conjunction with the Council's Contract Procedure Rules.